an underwriter over-allotment of an additional 1.05 million shares for sale. The Offering was a financial success for the Company, as it **generated over $150.9 million in gross proceeds.** Additionally, the Company, in relevant part, stated the following:

> TELCYTA, our lead product candidate, is a small molecule tumor-activated cancer product candidate that binds to glutathione 5- transferase P1-1, or GST P1-1, a protein that is elevated in many human cancers, such as ovarian, non-small cell lung, colorectal, breast and other types of cancer. GST P1-1 levels are often further elevated following treatment with many standard chemotherapy drugs, and this elevation is associated with the development of resistance to these drugs. **When TELCYTA binds to GST P1-1 inside a cancer cell, a chemical reaction occurs, releasing fragments of TELCYTA that cause programmed cancer cell death, or apoptosis.**
>
> **TELCYTA has shown clinical antitumor activity alone and in combination in multiple Phase 2 clinical trials in refractory or resistant ovarian, non-small cell lung, breast and colorectal cancer.** Positive results from three combination trials were presented at the annual meeting of the American Society of Clinical Oncology in June 2004 and at the Tenth Biannual International Gynecologic Cancer Society meeting in October
> 2004.
>
> ***
>
> TELCYTA has been evaluated in multiple clinical trials. **Results from these clinical trials indicate that TELCYTA is generally well-tolerated, with mostly mild to moderate side effects,** particularly when compared to the side effects and toxicities of standard chemotherapeutic drugs. This tolerability profile may be an important clinical advantage for TELCYTA. Since combination drug regimens are commonly used in cancer treatment, the tolerability profile of TELCYTA and its lack of overlapping toxicities with standard chemotherapeutic drugs suggest TELCYTA may be well suited for inclusion in combination chemotherapy regimens.
>
> ***
>
> We regularly review the progress of scientific and clinical research in important disease areas to identify targets with commercial potential. **By careful selection of targets, we intend to develop product candidates with a clear path to regulatory approval and the potential to show early evidence of clinical efficacy. This strategy should allow us to**

reduce the risk inherent in drug discovery and accelerate the commercialization of our product candidates.

69. On February 24, 2005, the Company issued a press release entitled "Telik Announces Fourth Quarter and 2004 Year End Financial Results." Therein, the Company, in relevant part, stated the following:

> As of December 31, 2004, Telik had $138.6 million in cash, cash equivalents and investments including restricted investments, compared to $201.1 million at December 31, 2003. In February 2005, the company completed a follow-on public offering of 8,050,000 shares of its common stock, resulting in gross proceeds to the company of $150,937,500.
>
> Highlights during 2004 included:
>
> - Enrollment was completed in the ASSIST-1 Phase 3 clinical trial of TELCYTA for third-line platinum refractory or resistant ovarian cancer.
> - The ASSIST-2 Phase 3 clinical trial of TELCYTA was initiated for third-line platinum resistant non-small cell lung cancer.
> - A third Phase 3 clinical trial, ASSIST-3, was initiated using the combination of TELCYTA plus carboplatin for second-line platinum refractory or resistant ovarian cancer.
> - Positive results from three Phase 2 clinical trials for TELCYTA in combination with standard chemotherapy in ovarian and non-small cell lung cancer were reported at the American Society of Clinical Oncology annual meeting. Additional positive data from the ovarian cancer trials were reported at the International Gynecologic Cancer Society meeting.
> - Two additional Phase 2 clinical trials were initiated for TELCYTA, in the treatment of advanced non-small cell lung cancer patients who have not previously received chemotherapy. One of the trials is in combination with cisplatin, and the other is in combination with carboplatin and paclitaxel.
> - Preclinical results that support the advancement of TELCYTA clinical development to front-line and second-line treatment settings were reported at. the American Association for Cancer Research annual meeting.

70. On May 5, 2005, the Company issued a press release entitled "Telik Announces Financial Results for 2005 First Quarter," which stated, in relevant part, the following:

> Recent highlights include TELCYTA preclinical presentations at the 96th annual meeting of the American Association for Cancer Research:
>
> - Telik scientists reported that the combination of TELCYTA and carboplatin showed synergistic inhibition of cancer cell proliferation in vitro in both platinum resistant and platinum sensitive human ovarian cancer cells. These studies support the ongoing Phase 3 ASSIST-3 registration trial, in which the combination of TELCYTA and carboplatin is being evaluated in platinum refractory or resistant ovarian cancer in the second line setting.
>
> - Studies were presented that describe the synergistic effects of doublet and triplet combinations of TELCYTA with platinum and taxane drugs as compared to the individual agents in human ovarian and non-small cell lung cancer cells. These data provide support for the two ongoing Phase 2TELCYTA trials in the first line treatment of advanced non-small cell lung cancer. One trial is evaluating the combination of TELCYTA, carboplatin and paclitaxel. The second trial is evaluating the combination of TELCYTA and cisplatin. Preliminary data from the Phase 2 trials will be reported at the annual meeting of the American Society of Clinical Oncology (ASCO) later this month.
>
> - A third report provided details on the TELCYTA-induced effects on cell cycle progression and apoptosis, or programmed cell death, consistent with its novel mechanism of targeted activation.
>
> In addition, Telik announced a collaboration with Stuart Aaronson, M.D., Professor and Chair, Oncological Sciences and Professor of Medicine at the Mount Sinai School of Medicine, and colleagues, to utilize Telik's proprietary TRAP drug discovery technology to discover and evaluate novel, pharmaceutically active small molecules for new cancer targets. This is one in a series of TRAP collaborations Telik has entered into with leading cancer research institutions to add to its pipeline of cancer drug candidates while expanding utilization of its TRAP technology.

71. On August 4, 2005, the Company issued a press release entitled "Telik Announces Second Quarter 2005 Financial Results." During the conference call following the August 4, 2005 release, defendants specifically evaded the dosage/safety question:

> Jim Birchenough: . . . . Okay, and then just one the recent combination data, have you yet seen any of those dose-limiting toxicities with the combination with taxol and carbo that you hadn't seen at ASCO and what are your thoughts with regards to the toxicity profile you've seen through Barcelona.
>
> Michael Wick, Telik CEO: You are at ASCO when you saw the presentation there actually in the dose 1 and the Phase 1 presentation, actually much like the Phase 2 that we presented with taxol and carbo. We went the full monodose therapy of TELCYTA, if you recall we saw the CR at 400 milligrams meters, so we continued to treat now substantially more patients were quite pleased with the safety profile. **We are going to explore several doses and we will comment on that at the appropriate time.**

72. On February 9, 2006, the Company issued a press release entitled "Telik Announces Fourth Quarter and 2005 Year End Financial Results and 2006 Financial Guidance," which stated in relevant part the following:

> 2005 highlights included:
>
> - The advancement of our lead product candidate, TELCYTA®, in three randomized Phase 3 registration trials and in two Phase 2 trials in first-line non-small cell lung cancer:
>
> - The ASSIST-1 Phase 3 trial completed enrollment of 440 women with platinum refractory or resistant ovarian cancer in the third-line setting. The primary endpoint for ASSIST-1 is improvement in survival.
>
> - A peer-reviewed publication describing the Phase 2 TELCYTA trial supporting the ASSIST-1 trial was published in the *International Journal of Gynecological Cancer.*
>
> - The ASSIST-3 trial was initiated to evaluate the combination of TELCYTA plus carboplatin in second-line platinum refractory or resistant ovarian cancer. This trial is enrolling 244 women. The primary endpoint for ASSIST-3 is objective response rate as well as progression-free survival.

- The ASSIST-2 trial completed enrollment of 520 patients with platinum resistant non-small cell lung cancer in the third-line treatment setting. Improvement in survival is the primary endpoint of the ASSIST-2 trial.

- Positive interim data from the multicenter Phase 2 trial of TELCYTA administered in combination with the standard regimen of carboplatin and paclitaxel in first-line non-small cell lung cancer were reported at the 11th World Conference on Lung Cancer in July. This trial has been expanded to multiple sites and is intended to enroll approximately 100 patients.

- Positive interim data from the multicenter Phase 2 trial of TELCYTA administered in combination with cisplatin, also in first-line non-small cell lung cancer, were reported at the 41st annual meeting of the American Society of Clinical Oncology and at the 11th World Conference on Lung Cancer.

- Preclinical data demonstrating the ability of TELCYTA to resensitize platinum-resistant human ovarian cancer cells to platinum were reported at the American Association for Cancer Research 96th annual meeting. These data provided scientific rationale for the ASSIST-3 trial design.

- Preclinical data describing the synergistic inhibitory effects of both doublet and triplet combinations of TELCYTA with platinum and taxane drugs as compared to the individual agents in human ovarian and non small cell lung cancer cells were presented at the American Association of Cancer Research 96th annual meeting. These data provided scientific support for the Phase 2 first-line non-small cell lung cancer trials.

73. On May 4, 2006, the Company issued a press release entitled "Telik Announces Financial Results for 2006 First Quarter," which stated, in relevant part, the following:

- Completion of ASSIST-3 enrollment: Telik announced the completion of planned enrollment for the ASSIST-3 trial, a Phase 3 trial evaluating the combination of TELCYTA plus carboplatin to treatment with Doxil in women with platinum refractory or resistant ovarian cancer.

- TELCYTA presentation at the 97th annual meeting of the American Association for Cancer Research: Telik reported positive preclinical results with its lead cancer product candidate, TELCYTA (TLK286), that support TELCYTA's unique mechanism of targeted activation in cancer cells and the synergy observed when TELCYTA is administered in combinations with platinum-based chemotherapeutic drugs.

74. On August 3, 2006, the Company issued a press release entitled "Telik Announces Quarterly Financial Release, Conference Call and Webcast." Therein, the Company, in relevant part, stated the following:

> Developments during the second quarter of 2006 included:
>
> - Initiation of the ASSIST-5 Phase 3 clinical trial, which will compare treatment with the combination of TELCYTA and liposomal doxorubicin to treatment with liposomal doxorubicin alone in women with platinum refractory or resistant ovarian cancer in the second line setting.
>
> - Completion of patient enrollment in the ASSIST-3 Phase 3 clinical trial, which will compare treatment with the combination of TELCYTA and carboplatin to treatment with liposomal doxorubicin, also in the second line setting in women with platinum refractory or resistant ovarian cancer.
>
> - Completion of patient enrollment in the ASSIST-3 Phase 3 clinical trial, which will compare treatment with the combination of TELCYTA and carboplatin to treatment with liposomal doxorubicin, also in the second line setting in women with platinum refractory or resistant ovarian cancer.

THE TRUTH ABOUT DEFENDANTS' MISCONDUCT BEGINS TO EMERGE

75. On December 26, 2006, the Company issued a press release entitled "Telik Reports Preliminary Results on ASSIST-1, ASSIST-2 and ASSIST-3 Phase 3 Clinical Trials." This press release disclosed that all three of the Company's TELCYTA clinical trials had failed. The press release, in relevant part, stated the following:

> Telik, Inc. (Nasdaq: TELK) announced preliminary results from three separate Phase 3 clinical trials of its investigational drug TELCYTA (TLK286, canfosfamide HC1).
>
> **Non-Small Cell Lung Cancer**
>
> **ASSIST-2 Trial**
>
> The ASSIST-2 trial, a 520 patient multinational, randomized study designed to evaluate TELCYTA as compared to gefitinib in the third-line therapy of advanced

non-small cell lung cancer, **did not achieve a statistically significant improvement in overall survival, the primary endpoint.**

Platinum Refractory or Resistant Ovarian Cancer

ASSIST-1 Trial

The ASSIST-1 trial, a 440 patient multinational, randomized study designed to evaluate TELCYTA as compared to the active control agents liposomal doxorubicin or topotecan in the third-line therapy of platinum resistant ovarian cancer, **did not achieve its primary endpoint of demonstration a statistically significant improvement in overall survival for TELCYTA as compared to the active controls. While the preliminary analysis revealed a number of internal inconsistencies that need to be further investigated, resolution of these inconsistencies may not change the preliminary results.**

ASSIST-3 Trial

The ASSIST-3 trial, a 244 patient randomized trial conducted in the U.S., was designed to demonstrate a statistically significant improvement in overall tumor response to the combination of TELCYTA plus carboplatin compared to liposomal doxorubicin in the second-line treatment of platinum resistant ovarian cancer. Under the trial protocol, patients were to have received treatment until tumor progression or unacceptable toxicity. However, a major discordance was observed between the clinical review of the tumor scans and the independent radiology review. **Approximately 25% of the patients were discontinued prematurely from the assigned study treatment as judged by the independent review of the scans. Therefore, the company believes the trial was compromised and may not be suitable for a regulatory submission.** The company plans to meet with advisors to review the results and also to determine if any changes should be made to the protocol and/or trial conduct procedures for the ongoing ASSIST-5 trial.

76. On this news, shares of the Company's stock declined $11.49 per share, or over 70.6 percent, to close on December 26, 2006 at $4.77 per share, on unusually heavy trading volume. While this news shocked the market, the Individual Defendants caused the Company to conceal some of the negative clinical trial results.

77. On February 22, 2007, the Company continued its pattern of concealment by issuing a materially misleading press release announcing its Q4 and FY 2006 financial results. There is no mention whatsoever in that press release of the Phase 3 Clinical Trial results of

TELCYTA that had been revealed on December 26, 2006. Despite having a clear duty to update its historical statements to correct the material misleading nature of the statements concerning the safety of TELCYTA in the Phase 3 Clinical Trial, the Company remained silent.

78. On February 28, 2007, the Company filed its annual report for FY 2006 on Form 10-K with the SEC. The Form 10-K was materially misleading because the results of the TELCYTA Phase 3 Clinical Trials revealed on December 26, 2006, demonstrated it to be unsafe to patients as compared to the control group and also demonstrated that TELCYTA not only did not meet one of its primary endpoints of statistically significant improvement of overall survival, but rather demonstrated results that would significantly harm overall survival. The Form 10-K states in relevant part:

> On December 26, 2006 we announced preliminary results from our first three randomized TELCYTA Phase 3 registration trials. The following summarizes the preliminary results of those trials:
>
> ASSIST-1 is a 440 patient multinational, randomized Phase 3 trial designed to evaluate TELCYTA as compared to the active control agents liposomal doxorubicin or topotecan in the third-line therapy of platinum resistant ovarian cancer, The ASSIST-1 trial did not achieve the primary endpoint of demonstrating a statistically significant improvement in overall survival for TELCYTA as compared to the active controls. While the preliminary analysis revealed a number of internal inconsistencies that need to be further investigated, resolution of these inconsistencies may not change the preliminary results.
>
> ASSIST-2 is a 520 patient multinational, randomized Phase 3 trial designed to evaluate TELCYTA as compared to gefitinib in the third-line therapy of advanced non-small cell lung cancer. The ASSIST-2 trial did not achieve the primary endpoint of demonstrating a statistically significant improvement in overall survival for TELCYTA as compared to the active control.
>
> ASSIST-3 is a 244 patient randomized Phase 3 trial conducted in the U.S. designed to demonstrate a statistically significant improvement in overall objective response rate with the combination of TELCYTA plus carboplatin compared to liposomal doxorubicin in the second- line treatment of platinum resistant ovarian cancer. Under the trial protocol, patients were to have received treatment until tumor progression or unacceptable toxicity. However, a major discordance was observed between the clinical review of the tumor scans and the independent radiology review. Approximately 25% of the patients were discontinued prematurely from the assigned study treatment as judged by the independent

review of the scans. Therefore, we believe the trial was compromised and may not be suitable for a regulatory submission.

Objective tumor responses were observed on the investigational arms containing TELCYTA in all three trials based on the prospective central blinded independent radiology review. Preliminary analysis of the safety data from the ASSIST-1 and ASSIST-2 trials, in which TELCYTA was administered as monotherapy, indicates that TELCYTA was generally well-tolerated. TELCYTA treatment was associated with mild to moderate nausea, vomiting and fatigue. Preliminary analysis of the safety data from the ASSIST-3 trial, combining TELCYTA plus carboplatin, demonstrated toxicities expected of each drug alone and no unexpected or cumulative toxicities were reported. Further analyses of each of these trials are underway.

79. The Form 10-K also touted the Company's Phase 3 Assist-5 clinical trial. The Form 10-K states in relevant part:

ASSIST-5 is a 244 patient, multinational randomized Phase 3 trial initiated in May 2006, evaluating TELCYTA in combination with liposomal doxorubicin versus 1iposomal doxorubicin as second line therapy in platinum refractory or resistant ovarian cancer. Enrollment is ongoing in this trial.

80. The Form 10-K was signed and certified pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") by defendants Wick and Butitta.

81. Thereafter, on April 17, 2007, the Company issued a release entitled "Telik Reports Positive Data Demonstrating Synergy in Combination and High Statistically Significant Effect of TELCYTA as Maintenance Therapy in First-Line Non-Small Cell Lung Cancer." The release stated in relevant part:

Telik, Inc. announced the presentation today of results from a Phase 2 clinical trial of the triplet combination of TELCYTA® (canfosfamide HCl, TLK286) carboplatin and paclitaxel in the first-line treatment of advanced non-small cell lung cancer. **The results include highly statistically and clinically significant improvement in both progression-free survival and overall survival in responding patients who received TELCYTA maintenance therapy as compared with those who did not receive TELCYTA maintenance therapy.** The data were presented at the 98th annual meeting of the American Association for Cancer Research (AACR) in Los Angeles.

* * *

The triplet combination was generally well-tolerated at all TELCYTA doses evaluated, with toxicities similar to those expected with each drug alone. There were no new, unexpected or cumulative toxicities. TELCYTA maintenance therapy was, as expected, well-tolerated, with Grade 1 or 2 toxicities observed in fewer than 5% of patients.

"Many approaches to maintenance therapy following first-line treatment for advanced non-small cell lung and ovarian cancer have been evaluated, with most adding little to efficacy while exposing patients to ongoing risks from toxic chemotherapy," said Gail L. Brown, M.D., senior vice president and chief medical officer. "The safety profile and clinical activity of TELCYTA, both in combination with carboplatin and paclitaxel and as monotherapy, suggest a potential role for this investigational agent as part of first-line combination treatment and as single agent maintenance therapy of non-small cell lung cancer. We will review these results with our expert advisors to discuss plans to expeditiously advance the TELCYTA program toward registration."

82. On May 3, 2007, the Company issued a press release announcing its Q1 2007 financial results. The Press release touted the Company's TELCYTA Phase II Clinical trial. On May 3, 2007, the Company issued a release entitled "Telik Announces First Quarter 2007 Financial Results." The release stated in relevant part:

Telik also reviewed data presented at the recent American Association for Cancer Research (AACR) 98th annual meeting:

- Positive data were reported from a multicenter Phase 2 trial of TELCYTA in combination with carboplatin and paclitaxel in the first-line treatment of advanced non-small cell lung cancer. One-hundred twenty-nine patients were enrolled for a planned four to six cycles of triplet combination therapy, followed by optional TELCYTA maintenance therapy for those patients with ongoing clinical benefit (objective response or stable disease) at the completion of combination therapy. In the intent-to-treat population, the objective response rate was 34.1% and the overall disease stabilization rate was 77.5%. The median progression-free survival was 4.9 months and median survival was 9.6 months.

- Of the 100 patients (77.5%) with objective response or stable disease, 50 patients received TELCYTA maintenance therapy and 50 patients did not receive TELCYTA maintenance therapy. The two groups were well-balanced for patient demographics, key non-small cell lung cancer disease characteristics and prognostic factors, except for ECOG performance status, which favored the non-maintenance group. Median progression-free survival in the patients receiving TELCYTA maintenance therapy was 6.9 months, compared with 4.2 months in those not received TELCYTA maintenance therapy ($p<0.0001$, HR 0.36).

Median survival in the TELCYTA maintenance group was 14.2 months compared with 8.4 months in those not receiving TELCYTA maintenance therapy (p=0.0003, HR 0.40). Outcomes were similar whether the patients had objective tumor response or stable disease.

- A series of preclinical studies focused on the cellular and molecular correlates of synergistic cancer cell growth inhibition by TELCYTA, carboplatin and paclitaxel alone and in different combinations in human lung cancer cells. **These studies support the Phase 2 trial of TELCYTA in combination with carboplatin and paclitaxel reported at the AACR meeting.**

- A separate series of preclinical studies evaluated the anti-angiogenic effects of TELCYTA with and without bevacizumab, demonstrating that TELCYTA can potentially be a potent inhibitor of human endothelial cell proliferation. Further, the combination of TELCYTA and bevacizumab produced significantly enhanced inhibition of endothelial cell proliferation and capillary tubule formation. **These studies suggest the potential for TELCYTA use in combination with bevacizumab and other anti-angiogenic agents.**

However, that press release fails to mention whatsoever the Phase III Clinical Trial results of TELCYTA that had been revealed on December 26, 2006. Despite having a clear duty to update its historical statements to correct the misleading nature of the statements concerning the safety of TELCYTA in the Phase III Clinical Trial, the Company remained silent.

83. On May 4, 2007, the Company filed its Q1 2007 quarterly report on Form 10-Q with the SEC. The Form 10-Q was materially misleading because the results of the TELCYTA Phase III Clinical Trials demonstrated it to be unsafe to patients as compared to the control group and also showed that TELCYTA not only did not meet one of its primary endpoints of statistically significant improvement of overall survival but rather demonstrated results that would significantly harm overall survival. The Form 10-K states in relevant part the following information:

Clinical Status

TELCYTA, our lead product candidate, is a small molecule tumor- activated cancer product candidate that we are evaluating initially to treat cancers that are resistant to

standard chemotherapy drugs. On December 26, 2006, we announced preliminary results from our first three randomized TELCYTA Phase 3 registration trials, known as the ASSIST trials. The following summarizes the preliminary results of those trials:

ASSIST-I is a 440 patient multinational, randomized Phase 3 trial designed to evaluate TELCYTA as compared to the active control agents liposomal doxorubicin or topotecan in the third-line therapy of platinum resistant ovarian cancer. The ASSIST-1 trial did not achieve the primary endpoint of demonstrating a statistically significant improvement in overall survival for TELCYTA as compared to the active controls. While the preliminary analysis revealed a number of internal inconsistencies that need to be further investigated, resolution of these inconsistencies may not change the preliminary results.

ASSIST-2 is a 520 patient multinational, randomized Phase 3 trial designed to evaluate TELCYTA as compared to gefitinib in the third- line therapy of advanced non-small cell lung cancer. The ASSIST-2 trial did not achieve the primary endpoint of demonstrating a statistically significant improvement in overall survival for TELCYTA as compared to the active control.

ASSIST-3 is a 244 patient randomized Phase 3 trial conducted in the U.S. designed to demonstrate a statistically significant improvement in overall objective response rate with the combination of TELCYTA plus carboplatin compared to liposomal doxorubicin in the second-line treatment of platinum resistant ovarian cancer. Under the trial protocol, patients were to have received treatment until tumor progression or unacceptable toxicity. However, a major discordance was observed between the clinical review of the tumor scans and the independent radiology review. Approximately 25% of the patients were discontinued prematurely from the assigned study treatment as judged by the independent review of the scans. Therefore, we believe the trial was compromised and may not be suitable for a regulatory submission.

Objective tumor responses were observed on the investigational arms containing TELCYTA in all three trials based on the prospective central blinded independent radiology review. Preliminary analysis of the safety data from the ASSIST-1 and ASSIST-2 trials, in which TELCYTA was administered as monotherapy, indicates that TELCYTA was generally well-tolerated. TELCYTA treatment was associated with mild to moderate nausea, vomiting and fatigue. Preliminary analysis of the safety data from the ASSIST-3 trial, combining TELCYTA plus carboplatin, demonstrated toxicities expected of each drug alone and no unexpected or cumulative toxicities were reported. Further analyses of each of these trials are underway.

84. The 10-Q also touted other clinical trials of TELCYTA:

We also have a 244 patient, multinational randomized Phase 3 clinical trial, ASSIST-5, initiated in May 2006, evaluating TELCYTA in combination with liposomal doxorubicin versus liposomal doxorubicin as second line therapy in platinum refractory or resistant ovarian cancer. Enrollment is ongoing in this trial.

> In addition, we have conducted two Phase 2 clinical trials of TELCYTA for the treatment of Stage IIIb or IV non-small cell lung cancer for patients who have not previously received chemotherapy. One clinical trial is in combination with cisplatin, and the other clinical trial is in combination with carboplatin and paclitaxel. Platinum and taxane-based drug combinations are the current standard for the front-line chemotherapy of lung and ovarian cancer. In April 2007 we announced that results from the Phase 2 clinical trial of TELCYTA in combination with carboplatin and paclitaxel include statistically and clinically significant improvement in both progression-free survival and overall survival in responding patients who received TELCYTA maintenance therapy as compared with those who did not receive TELCYTA maintenance therapy.

85. The 10-Q was signed by defendant Butitta and certified pursuant to SOX by Butitta and Wick.

THE TRUTH IS REVEALED AND THE STOCK PRICE OF TELIK PLUMMETS

86. On June 3, 2007, the Company released the results of its ASSIST-1 trial at the annual meeting of ASCO. In stark contrast to the Company's prior statements, the Company revealed for the first time that participants in the study group actually died sooner when they used TELCYTA – an average of five months sooner – than those who did not receive the drug. At that annual ASCO meeting, the Company finally released the data underlying the results of its ASSIST-1, 2 and 3 clinical trials for TELCYTA, which had been disclosed in December 2006. While the Company had disclosed on December 26, 2006, that one of the clinical trials – dubbed ASSIST-1 – had failed to show that TELCYTA could ***improve*** the overall survival of women with advanced ovarian cancer compared to currently approved drugs, defendants had continued concealing until the ASCO meeting – more than five months later – just how **poorly** TELCYTA performed in the ASSIST-1 study. The women treated with TELCYTA **died more than five months faster on the drug than off it.** The median survival time for women in the TELCYTA arm of ASSIST-1 was 8.5 months. The women in the control arm of the study treated with the approved drugs doxorubicine or topetecan reported a median survival time of 13.6 months. This negative survival effect of TELCYTA was statistically significant by a wide

margin, which means that, statistically speaking, it was TELCYTA and not random chance that caused these women to die faster.

87. In an associated June 3, 2007 press release, the Company, in relevant part, revealed the following:

> Telik, Inc. (Nasdaq: TELK) reported results of the TELCYTA (canfosfamide HC1, TLK286) ASSIST-1 trial today at the 43 rd annual meeting of the American Society of Clinical Oncology (ASCO).
>
> The Phase 3, international, randomized, active control study enrolled 461 women with advanced, platinum refractory or resistant ovarian cancer whose disease had progressed following first-line platinum-based therapy and second-line treatment with either liposomal doxorubicin or topotecan. Two hundred thirty-two women were randomized to TELCYTA treatment and 229 women were randomized to treatment with one of the active control drugs (pegylated liposomal doxorubicin (PLD) or topotecan), depending upon their second-line treatment. The two arms of the study were balanced for key ovarian cancer disease characteristics, platinum refractory or resistant status, and other prognostic or predictive factors.
>
> **The trial did not meet the primary endpoint of demonstrating superiority in overall survival or the secondary endpoint of demonstrating superiority in progression-free survival on the TELCYTA arm as compared with the active control arm. Median survival on the TELCYTA arm was 8.5 months compared with 13.6 months on the active control arm ($p<0.01$). Median progression-free survival was 2.3 months on the TELCYTA arm compared with 4.3 months on the active control arm.**
>
> The performance of the drugs on the active control arm, PLD or topotecan, was unexpected based on reported data, and no known prognostic or predictive factors accounted for this result. In addition, patients treated with PLD tended to have superior overall survival as compared with patients treated with topotecan, also an unexpected result as published reports suggest that survival outcomes in platinum refractory or resistant ovarian cancer patients are similar for both agents.

88. Also on June 3, 2007, the Company issued a press release entitled "Telik Reports Results of TELCYTA ASSIST-3 Trial." Therein, the Company, in relevant part, stated the following:

> Telik, Inc. (Nasdaq: TELK) reported results of the TELCYTA (canfosfamide HC1, TLK286) ASSIST-3 trial today at the 43 rd annual meeting of the American Society of Clinical Oncology (ASCO).
>
> The Phase 3, randomized, active control study enrolled 247 women with advanced, platinum refractory or resistant ovarian cancer whose disease had progressed following first-line platinum-based therapy. One hundred twenty-three women were randomized to treatment with the combination of TELCYTA and carboplatin and 124 women were randomized to treatment with pegylated l liposomal doxorubicin (PLD). The two arms of the study were balanced for key ovarian cancer disease characteristics, platinum refractory or resistant status, and other prognostic or predictive factors. All patients had platinum refractory or resistant disease, with a platinum-free interval (PFI, from the date of last treatment with platinum-based chemotherapy to the date of documented disease progression) of six months or less.
>
> Patients were treated until disease progression, as determined by radiologic evaluations at each site, or unacceptable toxicity. A central, blinded independent radiology review also was conducted.
> Assessment of the primary endpoint, objective response rate by RECIST, may have been compromised because approximately 25% of patients were prematurely discontinued from the study for disease progression, as assessed by the independent radiology review. Median progression-free survival, the secondary endpoint of the trial, assessed by independent radiology review, was 3.5 months on both arms.
>
> As expected with a platinum-containing regimen, there were more hematologic toxicities on the TELCYTA plus carboplatin arm as compared with the PLD arm. These toxicities were well managed with growth factor support or dose reductions as clinically appropriate. Febrile neutropenia occurred only on the PLD arm. Non-hematologic toxicities were more common on the PLD arm, also as expected. Patient-reported quality of life outcomes consistently favored the TELCYTA plus carboplatin arm over the PLD arm, although the differences were not statistically significant.
>
> A multivariate analysis of prognostic factors was conducted including all prespecified patient characteristics and stratification factors. **There were**